

**STAFF MEETING MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING
ROOM 113
THURSDAY, JUNE 12, 2003
8:30 A.M.**

Commissioners Present: Bernie Heier, Chair
Ray Stevens, Vice Chair
Larry Hudkins
Bob Workman
Deb Schorr

Others Present: Kerry Eagan, Chief Administrative Officer
Gwen Thorpe, Deputy Chief Administrative Officer
Bruce Medcalf, County Clerk
Trish Owen, Chief Deputy County Clerk
Ann Taylor, County Clerk's Office

The Chair opened the meeting at 8:45 a.m.

AGENDA ITEM

1 APPROVAL OF STAFF MEETING MINUTES OF THURSDAY, JUNE 5, 2003 AND MINUTES OF DEPARTMENTAL BUDGET HEARINGS OF THURSDAY, JUNE 5, 2003

MOTION: Hudkins moved and Stevens seconded approval of the Staff Meeting minutes of June 5, 2003 and minutes of the Departmental Budget Hearings of June 5, 2003. Hudkins, Workman, Schorr, Heier and Stevens voted aye. Motion carried.

2 ADDITIONS TO THE AGENDA

- A. Microcomputer Request, C#2003-197, \$5,004.91 from Families First & Foremost (F³) from the F³ Budget for Three (3) Compaq EVO Pentium IV's Three (3) Monitors; and Software (Exhibit A)
- B. Request from the Director of Alternatives to Incarceration for a Printer, \$445.67 from the Community Corrections Budget

MOTION: Stevens moved and Hudkins seconded approval of the additions to the agenda. Hudkins, Workman, Schorr, Heier and Stevens voted aye. Motion carried.

3 BUDGET UPDATE - Dave Kroeker, Budget and Fiscal Officer

Dave Kroeker, Budget and Fiscal Officer, gave an overview of the following documents (Exhibit B):

- * Lancaster County Allocation of Levy (FY 2001-02, FY 2002-03 and FY 2003-04)
- * Tax & Levy Information on Lancaster County Fire Districts (FY02 and FY03)
- * Railroad Transportation Safety District (RTSD) 2003-2008 Capital Improvement Program (Draft)
- * Lancaster County Agricultural Society Capital Spending Budget Worksheet 2003-2004

Hudkins said the Ag Society's \$258,365 capital request is primarily related to replacement of essential equipment.

MOTION: Workman moved and Stevens seconded to authorize Dave Kroeker, Budget and Fiscal Officer, to prepare a letter to the Lancaster County Rural Fire Districts, for signature by the Chair, indicating that the Board tentatively plans to allocate up to .094430 of the .150000 cents of the County levy authority to the rural fire districts. Hudkins, Workman, Schorr, Heier and Stevens voted aye. Motion carried.

Kroeker asked the Board to consider whether it wants to continue its discontinuation of contributions to Post Employment Health Plan (PEHP) for all unrepresented classified and unclassified employees.

4 PROTEST HEARING UPDATE - Trish Owen, Chief Deputy County Clerk

Trish Owen, Chief Deputy County Clerk, presented Examples of Supportive and Analytical Worksheets for the Property Valuation Hearing Referee Process (Exhibit C).

MOTION: Workman moved and Schorr seconded approval of the forms. Hudkins, Workman, Schorr, Heier and Stevens voted aye. Motion carried.

5 LEGISLATIVE UPDATE - Gordon Kissel, Legislative Consultant; Amy Prenda, Director of Legal Research and Analysis for Kissel/E&S Associates

Gordon Kissel, Legislative Consultant, presented an overview of legislative bills and a list of proposed interim studies (Exhibits D & E).

ACTION ITEMS

- A. Adult Day Services Licensure Renewal Application to Nebraska Department of Health and Human Services (HHS)

Dean Settle, Community Mental Health Center Director, appeared and presented the renewal application (Exhibit F).

MOTION: Schorr moved and Stevens seconded approval. Hudkins, Workman, Schorr, Heier and Stevens voted aye. Motion carried.

- B. Request from Kim Etherton, Alternatives to Incarceration Director, for Administrative Leave to Attend Training

MOTION: Stevens moved and Schorr seconded approval. Stevens, Heier, Schorr, Workman and Hudkins voted aye. Motion carried.

- C. Grant Renewal Application for Sheriff's Program for Accident Reduction & Education (SPARE)

MOTION: Stevens moved and Workman seconded approval. Stevens, Heier, Schorr, Workman and Hudkins voted aye. Motion carried.

- D. Hiring Request from County Engineer (Equipment Operator I)

MOTION: Hudkins moved and Stevens seconded approval. Hudkins, Workman, Schorr, Heier and Stevens voted aye. Motion carried.

- E. Microcomputer Request, C#2003-189, from County Extension for \$679.35 from County Extension Budget for a Compaq EVO D310

MOTION: Schorr moved and Stevens seconded approval. Stevens, Heier, Schorr, Workman and Hudkins voted aye. Motion carried.

- F. Microcomputer Request from the Director of Alternatives to Incarceration for \$1,974.67 from the Community Corrections Budget for a Compaq EVO Pentium IV, Monitor and Software

MOTION: Workman moved and Schorr seconded approval of Items 9F and 2B with funding through the Microcomputer Fund. If there are insufficient funds in the Microcomputer Fund to fund the requests, the requests will be held and funded through the Fiscal Year 2003-04 Budget. Hudkins, Workman, Schorr, Heier and Stevens voted aye. Motion carried.

It was noted that the Director of Alternatives to Incarceration has also requested a cell phone.

Board consensus was to schedule discussion of a cell phone policy at a future meeting.

ADMINISTRATIVE OFFICER REPORT

A. Posting Elected Officials Photographs in the County-City Building

Eagan said Cori Beattie, County Board Administrative Secretary, asked several local photographers to donate photography services for the County Board's group photograph and individual and group photographs of the elected officials. Several offers were received and Beattie recommends acceptance of an offer from Dingwell Photography to provide photography services at no charge to the County and a discount on custom framing (see agenda packet). A similar offer was made to the City Council and a response was received from two City Council members (Exhibit G).

MOTION: Stevens moved and Hudkins seconded to: 1) Authorize Cori Beattie, County Board Administrative Secretary, to proceed with photographs of elected county officials; 2) Request authorization from the Public Building Commission to display the photographs in the first floor corridor of the County/City Building; and 3) Direct Kerry Eagan, Chief Administrative Officer, to request an opinion from the Nebraska Accountability and Disclosure Commission on whether it is permissible to accept the offer of free photography services and a discount on custom framing. Hudkins, Workman, Schorr, Heier and Stevens voted aye. Motion carried.

B. Saline Wetlands Conservation Partnership Meeting (June 19, 2003)

Eagan indicated plans to attend the meeting.

C. Rural Cost of Services Study

Heier reported a request from Marvin Krout, Planning Director, to meet individually with Commissioners to discuss comprehensive planning and the acreage studies (Exhibit H). He said he told Krout he will not participate as he believes any comments on the Rural Cost of Services Study should be on the record.

D. Old Federal Building

Workman questioned whether NuStyle Development of Omaha plans to proceed with redevelopment of the Old Federal Building.

The Board asked Kerry Eagan, Chief Administrative Officer, and Don Killeen, County Property Manager, to meet with Marc Wullschleger, Urban Development Director, to discuss the status of the project.

E. Drag Strip in Scribner, Nebraska

Workman reported on Greg Sanford's efforts to bring a drag strip venue to Lincoln and said he would like the Board to assist Sanford in locating a site. He said there is potential for economic benefits, as events would bring participants and spectators to the community.

Hudkins said drag strip racing was successful at the Lincoln Airbase in the 1960's and said noise is not as great of a factor on that site.

MOTION: Workman moved and Hudkins seconded to direct Kerry Eagan, Chief Administrative Officer, to draft a letter to the Lincoln Airport Authority encouraging that body to investigate the possibility of providing a site for drag strip racing. Hudkins, Workman and Heier voted aye. Schorr and Stevens voted no. Motion carried.

F. Interim Crisis Center Director

Dean Settle, Community Mental Health Center Director, appeared and recommended that Scott Etherton be named the Interim Crisis Center Director.

MOTION: Hudkins moved and Stevens seconded approval. Hudkins, Workman, Schorr, Heier and Stevens voted aye. Motion carried.

G. Permanent Easement for Alltel Communications

Item held.

6 EXECUTIVE SESSION (REAL PROPERTY) - Don Killeen, County Property Manager

MOTION: Schorr moved and Hudkins seconded to enter Executive Session at 9:54 a.m. for discussion of real property. Hudkins, Schorr, Workman, Heier and Stevens voted aye. Motion carried.

Workman exited the meeting.

MOTION: Hudkins moved and Stevens seconded to exit Executive Session at 10:15 a.m. Schorr, Stevens, Hudkins and Heier voted aye. Workman was absent from voting. Motion carried.

The Board took a five minute recess and Workman returned to the meeting.

7 EMERGENCY PROTECTIVE CUSTODY - Mike Thew, Chief Deputy County Attorney; Jim Baird, Cornhusker Place Director; C. J. Johnson, Region V

Mike Thew, Chief Deputy County Attorney, distributed copies of a letter from an attorney representing BryanLGH Medical Center regarding the issue of payment to BryanLGH for pre-commitment treatment of Emergency Protective Custody (EPC) patients (Exhibit I). He said a follow-up meeting was held with representatives of BryanLGH, Community Mental Health Center (CMHC), City, Region V and the Lincoln Police Department (LPD) and said BryanLGH indicated that it no longer wants to hold EPC's. Thew said BryanLGH is willing to continue until an alternative is found, but will not do so without reimbursement.

In response to a question from Schorr, Kerry Eagan, Chief Administrative Officer, estimated the cost in excess of \$1 million annually, at BryanLGH's rates. He said "spillover" has increased in the past few years, due to a number of factors.

Dave Kroeker, Budget and Fiscal Officer, said a certain number of EPC's need detoxification and said it would be less expensive to detox them at Cornhusker Place.

Hudkins asked whether Cornhusker Place has sufficient capacity to meet the need.

Jim Baird, Cornhusker Place Director, said the facility should be able to accept one or two EPC's on a daily basis. He said the problem will be getting them into the Crisis Center afterwards, and said those that do not require that step will be stabilized, evaluated and moved on to treatment programs.

Thew clarified that Cornhusker Place is not a mental health facility and can only deal with substance abuse clients.

C. J. Johnson, Region V, said the State recently agreed to provide an additional \$500,000 to pay for post-commitment days. He said that will enable Region V to contract with Cornhusker Place for a respite program, which should help to free up space in the Crisis Center. He noted that the Crisis Center is only at full capacity 66% of the time and said he believes it has the capacity to handle EPC's for this region, if there are cooperative efforts.

Johnson said there have been 871 EPC calls out of BryanLGH's Emergency Room (ER) this fiscal year and said that raises the question of the hospital's obligation to individuals who voluntarily seek help in the ER.

The Board asked Gwen Thorpe, Deputy Chief Administrative Officer, to coordinate a meeting between Jim Baird, Cornhusker Place Director; C. J. Johnson, Region V; Dean Settle, Community Mental Health Center Director; Police Chief Tom Casady; and representatives of BryanLGH to discuss system changes.

8 PENSION PLAN AND DEFERRED COMPENSATION UPDATE - Rod Crane, Pension Consultant

Gary Young, representing American Federation of State, County & Municipal Employees (AFSCME) Local #2468 and Fraternal Order of Police (FOP) Lodge 29, appeared and asked whether the Hartford 457 Deferred Compensation Plan will be retained as an option and whether current participants will be allowed to continue contributions.

Workman explained that trade-off would be that the County may not "get as good of a deal" with Nationwide Retirement Solutions (NRS), which would impact all of the employees enrolled in the pension plan.

Eagan said Rod Crane, Pension Consultant, posed three scenarios to NRS: 1.) Hartford 457 Deferred Compensation Plan monies are walled off, with no future contributions; 2.) Current participants in the Hartford 457 Deferred Compensation Plan are allowed to continue contributions; and 3.) Hartford 457 Deferred Compensation Plan is retained as a competing plan. He said NRS is flexible, with caveats.

Rod Crane, Pension Consultant, said NRS would prefer, but is not insisting on exclusivity. He said the caveats include uncertainty as to whether NRS will be able to keep the current offer on the table, noting NRS is concerned that assets may be diluted and that there will be less opportunity for economies of scale if additional participants leave the program for the Hartford 457 Deferred Compensation Plan or take assets to Hartford or a competing IRA when they terminate or retire.

Eagan said the Hartford 457 Deferred Compensation Plan is unregulated and said the dealer/broker has had "free run" to sell his product. He expressed concern that some employees moved money to Hartford in exchange for a 4% bonus but were not told that their funds were locked in for 13 years and that they are subject to substantial penalties if they move the funds.

Young said employees benefit from a competitive environment.

Crane explained that there are significant disadvantages to multiple vendor situations. He said plan sponsors are usually unable to maintain an active monitoring posture with regards to the programs, due to size and complexity, and must provide disclaimers as to product.

In response to a question from Schorr, Crane said the trend is to offer fewer options, explaining that the trend is the result of changes to federal law which imposed fiduciary duties on governmental deferred compensation plans.

Hudkins said he believes employees want an option.

Crane said, as a compromise, the Board could provide employees a three to six month period, after the product is ready, to compare the two plans.

Eagan said educational seminars could be offered during that period, providing the competing plans an opportunity to go "head to head".

MOTION: Schorr moved and Hudkins seconded to accept the Nationwide Retirement Solutions proposal, walling off, but allowing current members to continue to contribute to the Hartford 457 Deferred Compensation Plan and to set a deadline of October 1, 2003 for current employees to switch over, should they choose, providing a series of seminars where both plans go head-to-head and present information to the employees, giving them the option to choose between the two plans. Any employee hired after that date would not have that option.

Stevens said he would prefer a shorter period of time for enrollment and switches, expressing concern that there will be a "flurry" of activity. He said he would also like to see a similar contract proposal from Hartford.

FRIENDLY AMENDMENT: Workman offered a friendly amendment to include a letter to employees with the paychecks, outlining the Board's fiduciary concerns and encouraging employees to attend the informational sessions and to compare both plans.

The maker of the motion and the seconder agreed to the friendly amendment.

The Board asked Gwen Thorpe, Deputy Chief Administrative Officer, to draft the letter, in consultation with the County Attorney's Office and the Personnel Department. The Board will review the letter at the June 10, 2003 Board of Commissioners Meeting.

ON CALL: Schorr, Workman, Hudkins, Stevens and Heier voted aye. Motion carried.

Schorr exited the meeting at 11:40 to attend a Families First & Foremost (F³) meeting.

The Board discussed the Pension Review Committee's recommendations regarding the pension plan renewal proposal from Nationwide Retirement Solutions (NRS) (Exhibit J):

1. The 20% annual restriction on moving funds out of the fixed account should be retained;

Crane said he does not recommend leaving the plan level 20%, five year restriction in place, as it leaves the County in a weaker competitive position if NRS underperforms.

MOTION: Workman moved and Hudkins seconded to follow the consultant's recommendation and to eliminate the plan level 20%, five year transfer restriction from the contract. Workman, Hudkins, Heier and Stevens voted aye. Schorr was absent from voting. Motion carried.

2. The Pension Review Committee (PRC) believes the investment line up being offered is solid, but does not represent best of class in all asset categories;
3. The \$40,000 remuneration to the County for administrative expenses (revenue sharing) should be used to contract with a professional investment consultant to help the County monitor the investment line up and for additional employee education on how to invest their pension funds;
4. Neuberger Berman High Income high yield bond fund should be added to the investment options;
5. Under the International asset class, add Mutual Discovery A and keep Oppenheimer Global A;
6. Under the small cap asset category, a recommendation will be formulated by the PRC at a later date.
7. All deferred compensation programs (457) should be consolidated into one program to be administered by Nationwide Retirement Solutions (NRS). Employees who have money in other programs may have that money walled off, but all future contributions after the consolidation will go to the NRS 457 plan;
8. A brokerage window should not be added at this time. The County Board may want to consider whether a brokerage window should be included in the future for 457 funds;
9. With regard to the addition of destination funds, the PRC does not have sufficient information to make a recommendation at this time. While the Committee believes destination funds are a good concept; it has received no information regarding competitive destination funds or rankings and, therefore, is unable to make a recommendation regarding NRS's lifestyle

funds. Also, additional pension investment education for employees may obviate the need for destination funds;

10. Magellan should be eliminated and replaced with Dreyfus Appreciation A. Magellan funds should be mapped to Dreyfus, with the understanding employees would still be free to allocate these funds anywhere within the investment array. Calvert Social Inv. Equity A should also be added under the large cap category as a socially conscious alternative for plan participants.

MOTION: Stevens moved and Workman seconded to accept the Pension Review Committee's recommendations, with Recommendations 1 and 7 modified as previously discussed, and to ask the committee to proceed with securing the proper contracts.

In response to a question from Hudkins, Crane said Magellan's performance has been mediocre over the long term. He said its popularity and the fact that it is a closed fund are the only reasons he would suggest retaining it on a secondary basis. Crane noted the need for an investment policy statement and suggested inclusion of a provision for placing funds on watch.

FRIENDLY AMENDMENT: Workman offered a friendly amendment to keep Magellan under watch and to add Dreyfus Appreciation A and Calvert Social Inv. Equity A.

Hudkins seconded the friendly amendment.

The maker of the motion accepted the friendly amendment.

ON CALL: Hudkins, Workman, Stevens and Heier voted aye. Schorr was absent from voting. Motion carried.

Also in attendance were: Larry Eckel, Nationwide Retirement Solutions (NRS); Dave Kroeker, Trish Owen, Tim Genuchi, Terry Adams, and Bill Thoreson, Pension Review Committee.

9 ACTION ITEMS

- A. Adult Day Services Licensure Renewal Application to Nebraska Department of Health and Human Services (HHS)
- B. Request from Kim Etherton, Alternatives to Incarceration Director, for Administrative Leave to Attend Training
- C. Grant Renewal Application for Sheriff's Program for Accident Reduction & Education (SPARE)

- D. Hiring Request from County Engineer (Equipment Operator I)
- E. Microcomputer Request, C#2003-189, from County Extension for \$679.35 from County Extension Budget for a Compaq EVO D310
- F. Microcomputer Request from the Director of Alternatives to Incarceration for \$1,974.67 from the Community Corrections Budget for a Compaq EVO Pentium IV, Monitor and Software

Items A-F were moved forward on the agenda.

10 ADMINISTRATIVE OFFICER REPORT

- A. Posting Elected Officials Photographs in the County-City Building
- B. Saline Wetlands Conservation Partnership Meeting (June 19, 2003)
- C. Rural Cost of Services Study
- D. Old Federal Building
- E. Drag Strip in Scribner, Nebraska
- F. Interim Crisis Center Director
- G. Permanent Easement for Alltel Communications

Items A-G were moved forward on the agenda.

11 DISCUSSION OF BOARD MEMBER MEETINGS

- A. Parks & Recreation Advisory Board - Schorr

No report.

- B. Joint Budget Committee - Workman, Stevens

Stevens reported an 11% increase in funding requests. He said Kit Boesch, Human Services Administrator, has reviewed the requests and has recommended cuts that reduce it to 2.5%. Stevens noted that funding in the amount of \$10,000 is recommended for the Court Appointed Special Advocates (CASA).

- C. Region V Governing Board - Heier

Heier reported that steps are being taken to hire a new Program Administrator.

- D. Public Building Commission - Hudkins, Workman

Hudkins said the Public Building Commission will discuss gating of parking areas underneath the County/City Building and Justice and Law Enforcement Center on July 10, 2003 and asked the Board to provide direction prior to that date.

E. Board of Health - Hudkins

Hudkins said staff was directed to prepare an ordinance that will prohibit smoking in all public places within Lincoln.

ADDITIONS TO THE AGENDA

- A. Microcomputer Request, C#2003-197, \$5,004.91 from Families First & Foremost (F³) from the F³ Budget for Three (3) Compaq EVO Pentium IV's Three (3) Monitors; and Software (Exhibit A)

MOTION: Workman moved and Hudkins seconded approval. Hudkins, Workman, Heier and Stevens voted aye. Schorr was absent from voting. Motion carried.

12 ADJOURNMENT

MOTION: Stevens moved and Hudkins seconded to adjourn the meeting at 12:12 p.m. Stevens, Heier, Workman and Hudkins voted aye. Schorr was absent from voting. Motion carried.

Bruce Medcalf
County Clerk